

Slide 1

## SMALL BUSINESS AND THE INTERNATIONAL MARKETPLACE



A Report by the U.S. Small Business Administration- Office of International Trade



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Slide 2

### Small Business Exports are Exploding!

- The value of small business exports increased by 300 percent between 1992 and 1997
- The number of small business exporters tripled in the 12-year span between 1987 and 1999, from approximately 60,000 to 225,000
- Firms that export experience 20% higher growth after paying employees 15% higher wages and benefits and are 9% less likely to go out of business.



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Slide 3

### Consider this:

- Currently, Small Businesses account for 47 percent of total domestic sales, but only 31 percent of total export sales
- Two-thirds of small business exporters export their products to just one country
- ONLY approximately 1 percent of the 25 million small businesses in the U.S. are currently exporting!
- More than 95 percent of the world's population and two-thirds of the world's purchasing power is located outside of the United States!



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Slide 4



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Trade Finance Products

- SBA Export *Express*
- International Trade Loan (ITL)
- Export Working Capital Program (EWCP)

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Slide 5



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SBAExport *Express*

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[www.sba.gov/financing/loanprog/exportexpress.html](http://www.sba.gov/financing/loanprog/exportexpress.html)

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Slide 6



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SBAExport *Express*

Program minimizes the use of government mandated forms and procedures and streamlines the processing and costs of smaller SBA loans for exporters.

Maximum loan amount limited to \$250,000.

Lenders are granted expanded authority and autonomy.

The rate of guaranty is **85%** for loans up to \$150,000 or **75%** for loans between \$150,000 and \$250,000.

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Slide 7



SBAExport Express

Use of Proceeds

- Finance standby letters of credit used for either bid or performance bonds;
- Finance export development activities such as participation in a foreign trade show or the translation of product literature for use in foreign markets;
- Provide transaction-specific financing for overseas orders;
- Provide revolving lines of credit for export purposes – the term of which may not exceed five years;

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Slide 8



SBAExport Express

Use of Proceeds (cont)

- Provide term loans and other financing to enable small business concerns, including small business export trading companies and small business export management companies, to develop foreign markets; and
- Acquire, construct, renovate, modernize, improve or expand productive facilities or equipment to be used in the United States in the production of goods or services involved in international trade.



Proceeds may not be used to finance overseas operations.

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Slide 9



SBAExport Express

Eligibility Requirements

An SBA Export Express loan may only be made to a business that has been operating, although not necessarily in exporting, for at least 12 full months.

The applicant must submit to the lender a plan which demonstrates how the loan proceeds will enable it to enter a new export market or expand an existing export market and should include projected export sales for the upcoming year as well as the dollar volume of export sales for the previous year.

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Slide 10

ITL

INTERNATIONAL TRADE  
LOAN  
(ITL)

[www.sba.gov/financing/loanprog/tradeloans.html](http://www.sba.gov/financing/loanprog/tradeloans.html)

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Slide 11

ITL

**Fixed asset financing needed to  
expand exports or develop new  
export markets  
or  
To respond to the adverse impact  
of import competition**

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Slide 12

ITL

- Provides 75% guarantee for up to \$1,500,000 SBA exposure for as long as 25 years
- When combined with EWCP, total SBA exposure can reach \$1,750,000
- Collateral must be held in the U.S.

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Slide 13

**EWCP**

EXPORT WORKING  
CAPITAL PROGRAM  
(EWCP)  
[www.sba.gov/financing/loanprog/ewcp.html](http://www.sba.gov/financing/loanprog/ewcp.html)

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Slide 14

**EWCP**

The program covers

- Pre-shipment working capital
- Post-shipment exposure
- Combination of pre- and post-shipment financing



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Slide 15

**EWCP**

The program

- Supports single transactions or multiple sales under a revolving line
- Guarantees 90% of a private sector loan up to \$1,500,000 SBA exposure



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Slide 16



EWCP

PRE-EXPORT Working Capital

- Orders against L/Cs
- Contracts for services
- Open account P.O.s with acceptable insurance or strong buyer
- Finance labor and materials
- Purchase goods and services



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Slide 17



EWCP

COLLATERAL

- 1<sup>st</sup> lien on financed inventory
- Assignment of proceeds from:
  - Letter of Credit
  - Documentary collections
  - Foreign receivables
- Personal guarantees of owners (20% or more) and key principals, if applicable



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Slide 18



EWCP

FEES and RATES

- Guarantee fee:
  - maturities of 12 months or less = 1/4%
  - maturities greater than 12 months:
    - 2% up to 3.5% depending on loan size
- Interest Rates/Lender Fees:
  - Fully negotiable

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Slide 19

**EWCP**

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**ELIGIBILITY**  
A business must:

- Meet SBA's industry size standards
- Have been in business for at least 12 continuous months



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Slide 20

**ExIm Bank**

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Co-Guarantee Program

- Gross loan up to \$2,000,000
- Guarantee at 90% of total loan
- One set of documents through SBA
- SBA absorbs its maximum and ExIm Bank absorbs the excess amount

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Slide 21

**ExIm Bank**

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Co-Guarantee Program (cont)

- SBA underwriting rules apply
- SBA guarantee fee at 0.25% will apply
- ExIm requirement for 51% domestic content must apply
- ExIm ban on military goods will apply

<http://www.exim.gov/>

[www.exim.gov](http://www.exim.gov)

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## Wisconsin Lenders Participating in Export Lending

### **\*Amcore Bank, N.A.**

501 Seventh Street, Rockford, IL 61104  
Kristin King, SBA Product Manager  
Phone 815-961-2792 FAX 815-961-1147

### **\*Associated Bank, N.A.**

200 N. Adams Street, Green Bay, WI 54307  
Nancy A. Burton, A.V.P.  
Phone 920-433-3188 FAX 920-431-8016

### **\*Baylake Bank**

217 N. 4th Ave., Sturgeon Bay, WI 54235  
Leslie S. Gast, AVP, Commercial Loans  
Phone 920-743-5551 FAX 920-743-7422

### **\*Fifth Third Bank**

38 Fountain Square Plaza,  
Cincinnati, OH 45623  
Samuel S. Moore, Vice President  
Phone 513-534-7758 FAX 513-534-7098

### **\*First American Bank**

1650 Louis Avenue, Elk Grove Village, IL 60007  
Joseph Chevalier, SVP  
Phone 847-427-5000 ext 151 FAX 847-290-8040

### **\*Harris Bank Trust & Savings Bank, N.A.**

111 S. LaSalle Street, Chicago, IL 60603  
Mary O'Meara, VP Govt Lending  
Phone 312-461-3889 FAX 312-765-1048

### **\*M&I Marshall & Ilsley Bank**

11548 W. Theodore Trecker Way  
Milwaukee, WI 53214  
Jim Ebben, Vice President  
Phone 414-443-3303 FAX 414-443-3396

### **\*Milwaukee Western Bank**

6001 W. Capital Drive, Milwaukee, WI 53216  
Gary P. Schaefer, VP  
Phone 414-442-5800 FAX 414-449-8032